

# UNFINISHED BUSINESS of the First Hoover Commission

*A Citizen's Guide to the Progress of  
Federal Reorganization  
and  
A Brief Presentation of the Organization, Scope  
and Aims of the  
Second Hoover Commission*

Published by

CITIZENS COMMITTEE FOR THE HOOVER REPORT

RESEARCH DEPARTMENT  
Suite 1300, The Wyatt Building  
Washington 5, D. C.

PUBLICATIONS OFFICE  
441 Lexington Avenue  
New York 17, N. Y.

THE WHITE HOUSE  
WASHINGTON  
December 17, 1953

Dear Mr. Francis:

I was gratified to hear from you that the Citizens Committee for the Hoover Report and the other national organizations which have been active on behalf of the Administration's reorganization program are once again organizing an educational and civic campaign in support of better government.

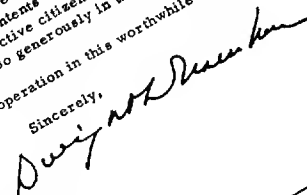
The record of the first Hoover Commission -- accomplishment in whole or in part of some 70% of the almost 300 recommendations it made -- was most heartening to those of us who have felt the need for constantly improving the structure of our Federal Government. This record would not have been possible had it not been for the whole-hearted cooperation of the Executive Branch, the Congress, and the numerous citizens' groups which supported the program. Therefore, I was delighted to have your letter, and to know that the Citizens Committee and the groups associated with it are once more preparing to put their efforts behind this important endeavor.

Government is a dynamic instrumentality. If we are to have good government, national administrations must always be in a position where they can shift program emphases or reorganize executive departments or agencies as the economic needs of the nation or world conditions warrant. It cannot do this successfully without the support of citizens' groups.

This Administration intends to submit further reorganization proposals to Congress as conditions warrant. Furthermore, as the several major Federal Commissions which have been established make public their reports, numerous other actions of importance affecting reorganization will be required. Public education on the contents of these reports will be needed. Their fulfillment will call for active citizen participation of the type of which your group has given so generously in the past.

I want to assure you of my continued cooperation in this worthwhile cause.

Sincerely,



Mr. Clarence Francis, Chairman  
Citizens Committee for the Hoover Report  
441 Lexington Avenue  
New York, New York

## UNFINISHED BUSINESS of the First Hoover Commission

As the 83rd Congress enters its final months, 30 major recommendations of the first Hoover Commission (1947-49) remain unenacted. Meanwhile, the second Hoover Commission has begun extensive researches. Its Report is not expected to be submitted to the Congress, however, for at least six months. Before campaigning for the adoption of the second Commission's program, it is highly urgent to realize all possible profit from the first Commission's recommendations.

### THE SECOND HOOVER COMMISSION

Officially known, like its predecessor, as the Commission on Organization of the Executive Branch of the Government, the second Hoover Commission (also like the first) was unanimously created by Congress on a bipartisan basis under the Brown-Ferguson Act signed by President Eisenhower on July 10, 1953. The Commissioners are:

HERBERT HOOVER, <i>Chairman</i>	CHET HOLIFIELD
CLARENCE J. BROWN	SOLOMON C. HOLLISTER
HERBERT BROWNELL, JR.	JOSEPH P. KENNEDY
JAMES A. FARLEY	JOHN L. MCCLELLAN
HOMER FERGUSON	SIDNEY A. MITCHELL
ARTHUR S. FLEMMING	ROBERT G. STOREY
JOHN B. HOLLISTER, <i>Executive Director</i>	

With ten task forces actively at work, and with a much wider latitude in its fields of inquiry, the new body is making substantial progress. (See "Role of the Second Hoover Commission" on Page 16.)

This analysis of the results of the first Commission's work is published by the Citizens Committee for the Hoover Report at this time for three definite purposes:

1. To identify the 30 most important proposals still requiring action.
2. To give the reasons why these 30 recommendations are important.
3. To point out that time still remains for the Administration and Congress to take action and achieve real results in 1954.

Some 72 percent of the first Commission's recommendations have been adopted. This fact is gratifying, but it would be better still to leave a "clean slate" for the new Commission and the next Congress.

## RECORD OF THE FIRST COMMISSION

Congress voted unanimously for the Lodge-Brown Act which created the first 12-man bipartisan Commission on Organization of the Executive Branch of the Government. The Act was signed by President Truman on July 7, 1947. At the initial Commission meeting, held in the White House, former President Herbert Hoover was named Chairman.

Besides Mr. Hoover, the Commission included: Dean G. Acheson as Vice Chairman, George D. Aiken, Clarence J. Brown, Arthur S. Flemming, the late James V. Forrestal, Joseph P. Kennedy, Carter Manasco, John L. McClellan, George H. Mead, James K. Pollock, and James H. Rowe, Jr.

Based on the researches of 24 highly qualified committees, or Task Forces, the Commission submitted 19 reports to Congress in 1949. These contained 273 recommendations for strengthening the structure of the Federal Government. To put these proposals into effect, three types of action were available:

**25 percent called for Presidential "Plan".** The Reorganization Act, signed on June 20, 1949, and effective until April 1, 1955, provided that the President could submit Reorganization Plans to the Congress and that these Plans had the effect of law — unless vetoed within 60 days by one more than half of the full membership of *either* the House or the Senate.

**40 percent called for new legislation.** To get real reforms in the long-established big departments of Government, sweeping changes in law are usually required. A great body of law already surrounds the operation of old-line departments and long-established functions of Government. For example, it was necessary to repeal a total of 106 laws — dating back to 1844 — to effectuate some of the Commission's recommendations on budgeting and accounting.

**35 percent called for administrative action.** These required no legislation. The President and department heads have always had authority to make certain changes, if they wish to do so. For example, modern mechanized accounting machines can be installed in place of hand-written ledgers without legislative authorization.

### REVIEW OF LEGISLATIVE ACTION

Under the Reorganization Act of 1949, 52 Reorganization Plans have been submitted by Presidents Truman and Eisenhower to the Congress. Of these, 39 have taken effect. The specific record is as follows:

	<i>Submitted</i>	<i>Disapproved</i>	<i>Approved</i>	<i>Pending</i>
1949 .....	7	1	6	
1950 .....	27	7	20	
1951 .....	1	0	1	
1952 .....	5	3	2	
1953 .....	10	0	10	
1954 .....	2	0	0	2
TOTAL	52	11	39	2

In addition, over 100 bills embodying various recommendations of the Commission were introduced in Congress. Many of these bills were neglected. Others were given extensive hearings before Congressional Committees. In fact, nearly 200 hearings were held on the Plans and on the bills together. By the end of the 1953 session, 58 of these bills had been enacted as Public Laws. So far, during the 1954 Congressional session no enactments have occurred.

Thus, counting the 39 approved Presidential Plans and the 58 laws, there have been 97 legislative enactments attributable to the Hoover Commission's Report. All of these occurred in the years from 1949 through 1953.

Many other Hoover Commission recommendations were adopted by administrative action — those which did not require legislation. As a result, the score on accomplishing the Commission's recommendations is:

Recommendations made by the Commission .....	273	
Deduct: Accomplished .....	116	
Mostly accomplished .....	35	
Partially accomplished .....	45	196
Recommendations remaining .....		<u>77</u>
Deduct: Recommendations which are obsolete, no longer of importance or duplicative with, or explanatory of, other recommendations .....		<u>11</u>
Important remaining recommendations of the Commission		<u>66</u>

Of these recommendations, *there are 30 remaining which may be considered major in nature.*

#### PRINCIPAL ACCOMPLISHMENTS TO DATE

While numerous great and small improvements have resulted from the first Commission's endeavors, some were particularly noteworthy:

1. Better teamwork in the Armed Services was developed by the National Security Act Amendments of 1949. Speed in meeting the Korean crisis was the result.
2. More efficient "housekeeping". The new General Services Administration combined four previous agencies. It rapidly went about cutting out duplication and waste in Federal purchasing, storage, inventory control, records management, and building operations.
3. Internal reorganization of the State Department, clarifying staff responsibilities and expediting action in many areas.
4. A modernized Budgeting and Accounting System paved the way to the greatest Federal fiscal advance in three decades.
5. The Labor Department was rebuilt to Cabinet stature.
6. Modernized accounting procedures were initiated in the Post Office Department, eliminating much delay and duplication.
7. The Bureau of Internal Revenue was taken out of politics.

8. A new Department of Health, Education and Welfare was established.
9. The Department of Agriculture was reorganized and many of the Commission's proposals for that Department were put into effect.
10. Airline subsidies were separated from payments for the carrying of mail.

#### IMPORTANT SAVINGS REALIZED TO DATE

The 24 Task Forces of the Commission made estimates of savings and budget reductions which in total amounted to \$3 billion per annum — if all recommendations were accomplished and fully implemented. These estimates were based upon a Federal budget of slightly over \$40 billion. The amounts so estimated naturally would increase with the virtual doubling of the Federal budget in subsequent years. Admittedly such savings are difficult to trace, however. They become obscured in the new expansion of the budget.

Among the more important savings or budget reductions attributable to the Commission are these:

1. *General Services Administration.* On June 30, 1953, Jess Larson, the General Services Administrator at that time, stated in an official press release:

"GSA's third year is especially notable because it was the first year in which most of our programs began to come into full swing. Planning and organizing were necessary to a sound start and laid a foundation for the concrete achievements of the last year.

"As a result, GSA can account for specific, identifiable savings amounting to much more than \$100,000,000. They are far larger than the savings in the preceding year when many money-saving practices were in their early operating stages. The savings, in fact, climbed to a point where they were equal to about three-fourths of GSA's operating expenses of \$169,000,000 for the year. In other words, for every dollar in operating cost, there were approximately 75 cents in savings, and GSA still performed its service operations for the other agencies of the Government."

On January 25, 1954, Mr. Edmund Mansure, the present Administrator, told the Washington Ministerial Union that savings of \$150 million were expected for the fiscal year ending June 30, 1954.

2. *Federal Medical Services.* President Truman, acting upon information in the Commission's Task Force Report, cancelled a Congressional authorization to construct 16,000 hospital beds for the Veterans' Administration — on the grounds that these beds were not necessary and could not be staffed adequately. The official Veterans' Administration report regarding the savings from this action estimated the amounts as follows:

- a. Cost of operation for 16,000 beds .....\$60.5 million (annual)
- b. Cost of constructing 16,000 beds .....\$335.5 million (one-time)

3. *National Security Organization.* Official reports of the Department of Defense through the calendar year 1950 listed well over \$300 million in annual savings of an administrative nature.

4. *Post Office.* The Commission recommended that special services and penny postcards be placed upon a self-supporting basis. While this recommendation has not been put into effect fully, as yet, postal revenues have been increased by between \$50 million and \$100 million annually.

Described in this section are some of the more important savings from reorganization. There are numerous others. If the remaining recommendations are adopted, and all of the 273 recommendations vigorously exploited, further large savings are possible.

#### THE "UNFINISHED BUSINESS" CAN BE COMPLETED

Many of the remaining 30 major recommendations require Congressional action. Some can be effected by the President or the department heads acting on their own authority. In the more important cases, however, the President must submit Reorganization Plans to Congress, or legislation must be initiated.

While some of these recommendations have proven to be controversial in the past, there has been major agreement between two great political parties on the need. This should make substantial accomplishments possible.

*The 1952 Democratic Platform* included the following plank:

"We endorse in general the program of government reorganization along the lines recommended by the Hoover Commission and we commend our President [Mr. Truman] for his earnest efforts to bring about governmental reforms and reorganization to promote Federal efficiency. We condemn the actions of those who make speeches in favor of economy and efficiency but vote against it for partisan reasons when major aspects of the reorganization program are up for a vote."

*The 1952 Republican Platform* included the following plank:

"We pledge a thorough reorganization of the Federal Government in accordance with the principles set forth in the report of the Hoover Commission, which was established by the Republican 80th Congress. We denounce the duplicity in submitting to Congress for approval, reorganization plans which were represented as being in accordance with the principles of the Hoover Commission recommendations, but which in fact were actually intended to further partisan political purposes of the Administration in power."

During the Presidential campaign, both President Eisenhower and Governor Stevenson strongly indicated their support for further action on the Reports of the first Commission. Where such unanimity exists, further action should not prove difficult.

## THE 30 IMPORTANT REFORMS AND THEIR SIGNIFICANCE

The 30 major recommendations fall into seven general categories:

- I. Recommendations of principal concern to the Executive Office of the President.
- II. Personnel recommendations.
- III. Fiscal and financial recommendations.
- IV. Recommendations affecting agriculture and natural resources.
- V. Recommendations affecting commerce and transportation.
- VI. Recommendations affecting regulatory activities.
- VII. Recommendations requiring transfers of functions or of bureaus.

### I. RECOMMENDATIONS OF PRINCIPAL CONCERN TO THE EXECUTIVE OFFICE OF THE PRESIDENT

1. The 65 agencies under the direct supervision of the President should be consolidated into about one-third that number.

—Recommendation No. 17, Report on General Management of the Executive Branch.

*Importance.* While some agencies have been abolished since the first Commission reported in 1949, almost as many new ones have been created. Hence, the number of independent departments, agencies and commissions today stands at 64. As the first Commission pointed out, no President can possibly find time to give close supervision to so many agencies.

*Method of Accomplishment.* Some abolitions and mergers can be made by the President without legislation but most of the actions call for Reorganization Plans or legislation.

2. There should be an inventory of interdepartmental committees by the President's Office at least once a year and those whose work is complete should be terminated.

—Recommendation No. 8, Report on General Management of the Executive Branch.

*Importance.* Only by this means can the number of interdepartmental committees be kept within bounds. In 1950, the Secretary of Defense — to cite just one department — abolished hundreds of such committees. No one knows how many the Executive Branch has now, but it has been several years since a concerted effort has been made to reduce their number. Elimination of unnecessary committees will save time and money and free the machinery of Government from many needless impediments.

*Method of Accomplishment.* This recommendation can be accomplished by administrative action of the President's staff.



## II. PERSONNEL RECOMMENDATIONS

3. Congress should make it possible for the Executive Branch to provide for the training of its most promising career employees.

—Recommendation No. 4 (c), Report on Personnel Management.

*Importance.* In recent years there has been a gradual improvement in the training of career employees, but the Civil Service Commission has long held that legislation is required for an adequate program. Private industry and selected Governmental agencies have long since proven beyond doubt that a training program is essential to better management.

*Method of Accomplishment.* Mainly legislation.

4. Congress should enact a comprehensive pay administration policy applicable to the entire Executive Branch.

—Recommendation No. 16, Report on Personnel Management.

*Importance.* The Federal Government has numerous pay structures and no uniform pay policy. In the Post Office, for example, there are two pay structures. The same is true of the State Department. To insure fairness, there should be one personnel system and one pay policy for all Federal civil servants at home and abroad.

*Method of Accomplishment.* Legislation.

5. The heads of departments and agencies should be required to provide for the positive participation of employees in the formulation and improvement of Federal personnel policies and practices.

—Recommendation No. 4 (d), Report on Personnel Management.

*Importance.* For valid reasons of public policy, the Federal Government has never developed a labor-management or employee-participation program similar to those found in private industry. Nevertheless, much can be done to improve these relationships through the formulation and improvement of policy. A consistent drive in this respect would give the nation a more closely-knit and efficient career service.

*Method of Accomplishment.* Important steps can be taken by administrative action. Some legislation may, however, be required.

6. The President, by Executive order, should require all major departments and agencies to conduct vigorous recruiting programs for, and to examine and make final appointments to:

- (a) All high-level administrative, professional, and technical positions.
- (b) All positions peculiar to the agency.
- (c) Any other classes of positions which, in the judgment of the Civil Service Commission, can be filled more effectively by the agencies.

—Recommendation No. 6, Report on Personnel Management.

*Importance.* This recommendation is a fundamental one if we are to improve Federal personnel activities and rid the Civil Service system of red tape. For many decades the Civil Service Commission has often operated like a "central hiring hall" for the entire Federal structure. Some

progress has been made towards the objective of letting the responsible management officials select their own subordinates under a strict merit system (as in the FBI and the TVA). Recently this program has been accelerated, but it is still necessary to set up a full program for decentralizing personnel recruitment, subject to standards, inspection and central control.

*Method of Accomplishment.* Full implementation would require legislation.

7. Departments and agencies should be required, consistent with funds available for such purposes, to recruit each year a specified number of young men and women for junior professional, scientific, technical, and administrative posts.

—Recommendation No. 10, Report on Personnel Management.

*Importance.* The continuing need for bringing new blood into the Federal service is too obvious to require comment. Steps have been taken to increase the number of young men and women of promise brought in. On the whole, however, the Government's record in this area has not been impressive.

*Method of Accomplishment.* Much more can be done than is being done — by administrative action of the President and the Civil Service Commission. Full implementation of such an effort would call for legislation and perhaps more funds.

8. The confirmation of Postmasters by the Senate should be abolished.

—Recommendation No. 5, Report on the Post Office.

*Importance.* The nation can never have an efficient Post Office Department so long as more than 40,000 postmasters are selected on a basis of partisan politics. Removal of these postmasters and of almost as many rural mail carriers from the political arena is long overdue.

*Method of Accomplishment.* Reorganization Plan or legislation.

9. Personnel in the permanent State Department establishment in Washington and the personnel of the Foreign Service above certain levels should be amalgamated into a single foreign affairs service obligated to serve at home or overseas and constituting a safeguarded career group administered separately from the general Civil Service.

—Recommendation No. 20, Report on Foreign Affairs.

*Importance.* This recommendation has been made in several studies of the State Department subsequent to that of the Hoover Commission. So long as there are two personnel systems in the Department with different pay scales, retirement plans, and terms of employment, it will never be possible to have a unified career system in the Department.

*Method of Accomplishment.* Legislation.

### III. FISCAL AND FINANCIAL RECOMMENDATIONS

10. **An Accountant General should be established under the Secretary of the Treasury, with authority to prescribe general accounting methods and enforce accounting procedures, subject to the approval of the Comptroller General. The Accountant General should, on a report basis, combine agency accounts into the summary accounts of the Government and produce financial reports for the information of the Chief Executive, the Congress, and the public.**

—Recommendation No. 10 (a) (b), *Report on Budgeting and Accounting.*

*Importance.* No one official in the Executive Branch is now responsible for Federal accounting. At present Federal accounting is concentrated under a three-man committee. Although improvements have been made, it will be years at the present rate before the Federal Government has a good accounting system. (There never has been a certified accountant in the leading Federal accounting position during the 33 years of its existence.)

*Method of Accomplishment.* Legislation, although the President can accomplish much under his executive powers.

11. **Supervision of the operations of ... the Federal Deposit Insurance Corporation, and the Export-Import Bank should be vested in the Secretary of the Treasury.**

—Recommendation No. 3, *Report on Treasury Department.*

*Importance.* These two independent agencies report directly to the President. Their functions are similar to other fiscal functions of the Federal Government, which are concentrated in the Treasury Department. While a good case can be made for transfer of the Federal Deposit Insurance Corporation to either the Treasury or to the Federal Reserve Board, the important thing is to put it somewhere—to reduce the number of independent agencies reporting to the President. This can be done without lessening its financial independence. Since the Export-Import Bank is now under the chairmanship of the Secretary of the Treasury, there seems no good reason why it should not be placed in his Department.

*Method of Accomplishment.* Reorganization Plan.

12. **The Treasury Department should examine and report to the President and Congress semiannually upon all lending agencies in liquidation.**

—Recommendation No. 8, *Report on Treasury Department.*

*Importance.* The problem of liquidating agencies without lengthy delays has existed for many years. Where such agencies are permitted to liquidate themselves, too often they only “drift”. Were the Treasury Department to be made responsible for all liquidations, substantial savings could be attained.

*Method of Accomplishment.* The President could accomplish this recommendation by Executive Order. In the long run, legislation would insure better results.

13. **The Commission recommends that the insurance operations of the Veterans' Administration, including the processing of death claims from beneficiaries, be separated from all other programs of the Administration and be organized as a Government corporation, under the Government Corporation Control Act of 1945. The Administrator should be President, with authority for day-by-day operations vested in an Executive Vice President and General Manager, appointed by the Administrator. The Administrator should also be given authority to appoint a part-time advisory board.**

—Recommendation No. 3, Report on Veterans' Affairs.

*Importance.* Following the recommendations of the first Commission, veterans' life insurance has been segregated from most other VA operations. As a result the service has improved greatly. However, insurance is a business-type operation, and so long as it is run as a straight-line Government agency, rather than as an incorporated business, VA insurance will never be operated as efficiently as it can be.

*Method of Accomplishment.* Legislation.

#### IV. RECOMMENDATIONS AFFECTING AGRICULTURE AND NATURAL RESOURCES

14. **Inspection costs on farm products, when imposed for the benefit and protection of the general public, should be paid by the Federal Government. Inspection and grading services primarily for the benefit or protection of producers or processors should be paid for by the producers or processors.**

—Recommendation No. 10, Report on Department of Agriculture.

*Importance.* These recommendations are clearly consistent with the expressed policies of the present Administration. Although they have been implemented partially, further action is needed.

*Method of Accomplishment.* Legislation.

15. **Customs receipts now allotted directly to the Department of Agriculture should be paid into the Treasury and direct annual appropriations should be made by the Congress for specified purposes.**

—Recommendation No. 11, Report on Department of Agriculture.

*Importance.* The Congress granted to the Department of Agriculture, some years ago, the use of 30 percent of certain customs receipts for various purposes. Under this arrangement, unnecessary obscurity results with respect to the responsibility of Congress for both appropriations and Government accounting. It is necessary for the Congress to re-establish its obligation to appropriate all public monies, and cease automatic grants.

*Method of Accomplishment.* Legislation.

16. **The Department of Agriculture should be required to report to the President and the Congress on all irrigation or reclamation projects about their use or timeliness.**

—Recommendation No. 12, Report on Department of Agriculture.

*Importance.* The planning and operation of irrigation projects has been marked by long-standing friction between the Bureau of Reclamation in the Department of the Interior and the Department of Agriculture. Programs from one department have at times gone to Congress without prior knowledge of the other. Thus, for more efficient operation, it is again urged that the Department of Agriculture be granted the opportunity to comment on all irrigation projects with respect to their impingement on, or applicability to, agricultural needs.

*Method of Accomplishment.* Administrative Action.

17. (a) **The Forest Service of the Department of Agriculture, and the Bureau of Land Management of the Department of the Interior, should be consolidated.**

—Recommendation No. 14, Report on Department of Agriculture.

*Importance.* The two agencies perform approximately the same functions. In some instances, they operate in contiguous areas. Consolidation would eliminate duplication and uneconomical activity. At present timber buyers, for example, have to deal with two agencies. Uniform policies of forest management and timber sales could be developed and a saving to the Federal Government would result. On land controlled by the Forest Service, 25 percent of gross revenues are returned to the states while on some forest holdings of the Bureau of Land Management from 50 to 75 percent of the revenue must be paid to the states.

*Method of Accomplishment.* Reorganization Plan.

- (b) **Major land agencies should be grouped in the Department of Agriculture, except those involved in activities with respect to mineral questions. Water development activities should be grouped in the Department of the Interior.**

—Recommendation No. 15, Report on Department of Agriculture.

*Importance.* There has been a long and wasteful conflict due to overlapping between certain soil conservation, range, forest, and allied services resulting from the division of functions between the Department of Agriculture and the Department of the Interior. Basic organizational changes are needed to resolve these conflicts.

*Method of Accomplishment.* Reorganization Plan.

**18. Rivers and harbors and flood control activities of the Corps of Engineers should be transferred to the Department of the Interior.**

*—Recommendation No. 9, Report on Department of the Interior.*

*Importance.* There have been, and there still are, glaring defects in the organization of such services as water development and use in the Federal Government. Duplication and overlapping of effort, as well as policy conflicts, continue to exist between the Corps of Engineers and the Bureau of Reclamation in the construction of, and the jurisdiction over, water resources projects. There is no fundamental reason why rivers and harbors and flood control work should be directed exclusively by the Army Engineers, particularly since civilians actually supply most of the detailed knowledge and continuing direction, and since such a vast proportion of funds is spent on multiple-purpose dams, virtually identical with — and often on the same rivers as — those of the Department of the Interior. Therefore, the transfer of those activities of the Corps of Engineers to the Department of the Interior should be expedited in the best interests of efficiency.

*Method of Accomplishment.* Reorganization Plan.

**V. RECOMMENDATIONS AFFECTING COMMERCE AND TRANSPORTATION**

**19. The National Advisory Committee for Aeronautics should be incorporated within the Bureau of Civil Aviation in the reconstituted Department of Commerce.**

*—Recommendation No. 6, Report on Department of Commerce.*

*Importance.* The National Advisory Committee for Aeronautics is basically a research organization which supervises and directs scientific studies for civil and military aviation. Its functions do not appear to be of such nature as to require the direct supervision of the President. Moreover, it is unsound organization for a committee type of operation to be responsible for administering such an operational program.

*Method of Accomplishment.* Reorganization Plan.

**20. The Secretary of Commerce should be assigned the duty of making over-all route programs for air, land, and water transportation.**

*—Recommendation No. 12, Report on Department of Commerce.*

*Importance.* Efficiencies in policy determination and administration will be furthered by the carrying out of this recommendation. Moreover, it is in accordance with the traditional and legislative purposes of the Department... “to foster, promote and develop the foreign and domestic commerce; the mining, manufacturing... and the transportation facilities of the United States.” [underscoring added]

*Method of Accomplishment.* Reorganization Plan.

**21. The promulgation of rules relating to the safety of both commercial and non-commercial aircraft operation, including contract operations, should be transferred from the Civil Aeronautics Board to the Department of Commerce, subject to right of appeal. Investigation of major aircraft accidents should remain with the Civil Aeronautics Board.**

*—Recommendation No. 11, Report on Regulatory Commissions.*

*Importance.* The Department of Commerce, by statute, is much concerned with transportation, particularly in the Civil Aeronautics Administration. This recommendation is a logical part of the plan to consolidate executive functions dealing with transportation in that Department.

*Method of Accomplishment.* Either legislation or Reorganization Plan.

- 22. The United States Coast Guard — and probably certain marine functions of the Bureau of Customs — should be transferred to the Department of Commerce.**

—Recommendation No. 2 (b), Report on Treasury Department.

*Importance.* On the principle that the Department of the Treasury should be responsible for the essential financial processes of the Federal Government and that nonfiscal units should be transferred from the Treasury to other departments, the above recommendation is still valid. A Treasury Department built along functional lines as the central finance agency of the Government has been the objective of the Commission. Moreover, since the repeal of the XVIII Amendment, the Coast Guard has been fundamentally concerned with transportation, a function of the Department of Commerce.

*Method of Accomplishment.* Reorganization Plan.

## VI. RECOMMENDATIONS AFFECTING REGULATORY ACTIVITIES

- 23. Members of the Securities and Exchange Commission, Federal Power Commission, and Federal Communications Commission should be removable only for cause, as is the case with other commissions.**

—Recommendation No. 2 (a) (b) (c), Report on Regulatory Commissions.

*Importance.* The tenure of members of the regulatory commissions varies unnecessarily. Provision is made in some instances for removal from office only for cause, while in other cases members are removable at the President's pleasure. This recommendation is still valid and needs implementation in the interest of uniformity.

*Method of Accomplishment.* Legislation.

- 24. All regulatory commissions should have bipartisan membership.**

—Recommendation No. 12, Report on Regulatory Commissions.

*Importance.* The independent regulatory commission is still a comparatively new feature of the Federal Government. The activities of these commissions center in the regulation of some form of private activity and they function as agencies independent of any Executive Department. As they provide for the proper disposition of complicated issues which are often of great significance to the nation's economic development, their efficient operation is imperative. Clearly, the maintenance of their independent nature demands bipartisan representation. Two of the independent agencies, the Federal Reserve Board and the National Labor Relations Board, are not bipartisan by law.

*Method of Accomplishment.* Legislation.

## VII. RECOMMENDATIONS REQUIRING TRANSFER OF FUNCTIONS OR OF BUREAUS

25. This Commission recommends that the statutes be amended to provide that a Commissioner, upon the expiration of his term, continue to hold office until his successor has been appointed and qualified; subject, of course, to the general statutes on "holdover" appointments.

—Recommendation No. 3, Report on Regulatory Commissions.

*Importance.* In the past, gaps in the membership have frequently occurred, resulting in the unnecessary disruption of a Commission's work. This recommendation represents an easy cure for the situation.

*Method of Accomplishment.* Legislation.

26. The Commission therefore recommends that the statutes be amended so as to permit the commissions to delegate routine, preliminary, and less important work to members of the staffs under their supervision.

—Recommendation No. 6, Report on Regulatory Commissions.

*Importance.* Regulatory Commissions deal with a multitude of minor matters as well as major problems. Statutory authority at present prevents the delegation of minor problems to staff members in some instances.

*Method of Accomplishment.* While some Commissions already have this authority, legislation is needed for others.

27. All commercial fishery activities of the Department of the Interior should be transferred to a Bureau of Commercial Fisheries in the Department of Commerce.

—Recommendation No. 13, Report on Department of Commerce.

*Importance.* The first Hoover Commission recommended that a Bureau of Commercial Fisheries, related as it would be to industrial and commercial activities as well as to the Merchant Marine, should be established in the Department of Commerce. This proposal aims at avoiding duplication of effort through consolidation of all Federal operations in the maritime field.

*Method of Accomplishment.* Reorganization Plan.

28. The Bureau of Narcotics should be transferred to the Department of Justice.

—Recommendation No. 2 (c), Report on Treasury Department.

*Importance.* The work of the Bureau of Narcotics is of two types: (1) law enforcement which comprises about 80 percent of its work; and (2) regulation of the flow and manufacture of drugs and preparations made from narcotics which comprises about 20 percent of its work and is performed primarily through licensing. As it is principally a law enforcement agency, benefits will be obtained by transferring this Bureau to the Department of Justice.

*Method of Accomplishment.* Reorganization Plan.



- 29. The Commission recommends the establishment of a United Medical Administration into which would be consolidated most of the large-scale activities of the Federal Government in the fields of medical care, medical research, and public health (in which preventive medicine is included).**

*—Recommendation No. 1, Report on Federal Medical Activities.*

*Importance.* The Commission found nearly 40 agencies attempting to render varying degrees of medical service to about one-sixth of the Nation's population. The primary objective in urging the adoption of this recommendation is to eliminate the overlapping of activities, enormous waste and inefficiency that now characterizes our Federal medical program. Specifically the objectives are:

- First: To provide better medical care.
- Second: To create a better foundation for medical training.
- Third: To reduce the drain of doctors from private practice.
- Fourth: To provide a better climate for medical research.
- Fifth: To make possible a better state of medical preparedness for war.

This plan permits each major agency an advisory voice in the management of the Federal Medical program, yet represents a program of medical care that would serve the basic interests of the whole nation.

*Method of Accomplishment.* Requires legislation for best results.

- 30. (a) The Bureau of Indian Affairs should be transferred from the Department of the Interior to the Department of Health, Education and Welfare.**

*—Recommendation No. 8, Report on Indian Affairs.*

*Importance.* The dominant objective of the government's policy with respect to Indians is to integrate them into the general population. Such a policy will be furthered by transferring the Bureau of Indian Affairs to the Department of Health, Education and Welfare. The problems of education, health and welfare are more important for assimilation of the Indians in the general population than are the application of technical standards in farming, forestry and cattle raising. These latter practices can be developed through coordination with the Departments of Agriculture and the Interior which specialize in these fields. This step should be taken as a forward move toward the ultimate goal of the Bureau which is to abolish the need for its own existence.

*Method of Accomplishment.* Reorganization Plan.

- (b) In the establishment of tribal and Indian enterprises on a corporate or cooperative basis, each important enterprise should have its own charter of basic policies and objectives, and a board of directors preponderantly drawn from the Indian community with the other members appointed because of their business or technical competence.**

*—Recommendation Nos. 5 and 6, Report on Indian Affairs.*

*Importance.* The corporate device would be valuable in ending the troublesome problem of "heir-ship lands". Over the years these lands have not been utilized because agreement on operations could not be achieved with the many heirs that share the ownership. The Commission's recommendations are designed to strengthen tribal government and leadership as a stage in transition from Federal tutelage to full participation of the Indians in state and local government.

*Method of Accomplishment.* Legislation.

## THE ROLE OF THE SECOND HOOVER COMMISSION

On July 10, 1953, President Eisenhower signed the bill establishing the second bipartisan Hoover Commission. This was a little over four years after the original Commission ceased to exist. While the second Commission has the same fundamental objectives as the first Hoover Commission, it has new and wider authority. In its important concern with matters of national policy, the scope of the second Commission permits it to cut across department and agency lines. Its predecessor, on the other hand, concentrated more heavily on organization and only rarely considered such policy matters as Federal withdrawal from activities competitive with private business.

Perhaps the best expression of the mission of the second Hoover Commission was made by former President Herbert Hoover himself, in a speech on March 10, 1954, when he declared:

"The major purpose of this Commission is to find ways of saving money for the taxpayers."

The new Commission, whose members are listed on page one, consists of twelve appointees — four Commissioners appointed by the President, four by the Vice President and four by the Speaker of the House. In the same way that recommendations were developed by the first Commission, the work of the second Hoover Commission is proceeding by the use of Task Forces. Under this method, groups of distinguished citizens who are familiar with the specific field to be reviewed and unbiased in their approach to the problem make studies of broad fields of Government activity and administration. Subsequently, the Task Forces formulate their conclusions and make recommendations to the Commission. As of this date, ten Task Forces have been created, as listed below with their respective Chairmen:

### **Budget and Accounting**

J. HAROLD STEWART, *Certified Public Accountant*

### **Business Organization of the Department of Defense**

CHARLES R. HOOK, *Chairman, Armco Steel Corporation*

### **Legal Services and Procedure**

JAMES M. DOUGLAS, *Former Chief Justice, Supreme Court of Missouri*

### **Lending Agencies**

PAUL GRADY, *Certified Public Accountant*

### **Medical Services**

CHAUNCEY MCCORMICK, *Retired Industrialist*

### **Personnel**

HAROLD W. DODDS, *President, Princeton University*

### **Procurement**

ROBERT W. WOLCOTT, *Chairman, Lukens Steel Company*

### **Subsistence Services**

JOSEPH P. BINNS, *Vice President, Hilton Hotels Corporation*

### **Use and Disposal of Federal Surplus Property**

ROBERT E. WOOD, *Former Chairman, Sears, Roebuck & Company*

### **Water Resources and Power**

BEN MOREELL, *Chairman, Jones and Laughlin Steel Corporation*

Of the 30 major recommendations set forth in the preceding pages, it is a fact that a number of them are within the scope of the second Hoover Commission as they were of the first. Moreover, many of them are currently under study by the Task Forces of the second Commission. It cannot be stressed too strongly, however, that action on these recommendations by the Congress is vitally needed *now* in order that the second Commission can proceed with the least possible delay in its intensive and thorough studies from the point where the first Commission concluded its work.

It is only through the wholehearted cooperation of forward-looking citizens — in private life and in the Congress and regardless of political affiliation — that the important purpose of achieving substantial economies and greater efficiency in the administration of our Federal Government can be realized for the benefit of all the peoples of our nation.



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